

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

Gonzales, Louisiana

FINANCIAL REPORT

June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/9/09

COMMUNITY OPPORTUNITIES OF EAST ASCENSION
Gonzales, Louisiana

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June 30, 2009

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Opportunities of East Ascension
Gonzales, Louisiana

We have audited the accompanying statement of financial position of **COMMUNITY OPPORTUNITIES OF EAST ASCENSION** (a non-profit organization) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2008 financial statements, and in our report dated October 17, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **COMMUNITY OPPORTUNITIES OF EAST ASCENSION** as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 30, 2009, on our consideration of **COMMUNITY OPPORTUNITIES OF EAST ASCENSION's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Certified Public Accountants

Baton Rouge, Louisiana
October 30, 2009

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

Gonzales, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2009

(with comparative amounts for 2008)

ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 501,964	\$ 803,519
Certificates of deposit	214,600	431,160
Accounts receivable	199,248	218,285
Cooperative endeavor agreement receivable	277,500	-
Accrued interest income	88,831	42,474
Prepaid expenses	<u>5,932</u>	<u>6,678</u>
Total current assets	1,288,075	1,502,116
INVESTMENTS	1,797,840	1,970,357
PROPERTY - net	<u>1,384,567</u>	<u>863,519</u>
Total assets	<u>\$ 4,470,482</u>	<u>\$ 4,335,992</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 61,800	\$ 84,002
Accrued liabilities	<u>202,632</u>	<u>214,508</u>
Total liabilities	<u>264,432</u>	<u>298,510</u>

NET ASSETS

Unrestricted:

Operating	2,926,775	2,596,621
Board designated:		
Individual subsidy funds	849,114	1,010,700
Emergency funds	400,000	400,000
Respite Center	<u>19,800</u>	<u>19,800</u>

Total unrestricted net assets	4,195,689	4,027,121
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Temporarily restricted	<u>10,361</u>	<u>10,361</u>
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Total net assets	<u>4,206,050</u>	<u>4,037,482</u>
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Total liabilities and net assets	<u>\$ 4,470,482</u>	<u>\$ 4,335,992</u>
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The accompanying notes to financial statements
are an integral part of this statement.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

Gonzales, Louisiana

STATEMENT OF ACTIVITIES

For the year ended June 30, 2009
(with comparative amounts for 2008)

	Unrestricted	Temporarily Restricted	Total	
			2009	2008
REVENUES AND SUPPORT				
Contributions from government agencies	\$ 4,402,424	\$ -	\$ 4,402,424	\$ 4,256,291
Public Support:				
Cooperative endeavor agreement	384,750	-	384,750	130,000
Capital Area United Way	32,352	-	32,352	27,772
Contributions, fundraising, and other	28,615	-	28,615	19,427
Other revenues:				
Grounds maintenance and janitorial services	71,713	-	71,713	64,170
Membership dues	1,435	-	1,435	1,855
Investments	(335,965)	-	(335,965)	(6,193)
 Total revenues and support	 4,585,324	 -	 4,585,324	 4,493,322
EXPENSES				
Program services:				
Adult and child support for independent living	3,333,495	-	3,333,495	3,190,052
Adult day training	640,571	-	640,571	608,407
Support services:				
Management and general	442,690	-	442,690	391,187
 Total expenses	 4,416,756	 -	 4,416,756	 4,189,646
 Increase in net assets	 168,568	 -	 168,568	 303,676
NET ASSETS				
Beginning of year	4,027,121	10,361	4,037,482	3,733,806
 End of year	 \$ 4,195,689	 \$ 10,361	 \$ 4,206,050	 \$ 4,037,482

The accompanying notes to financial statements
are an integral part of this statement.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

Gonzales, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2009
(with comparative amounts for 2008)

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 168,568	\$ 303,676
Adjustments for non-cash items:		
Depreciation	77,974	71,098
Unrealized loss on investments	60,585	165,760
Realized loss on investments	373,897	-
Change in operating assets and liabilities:		
Accounts receivable and prepaid expenses	(257,717)	16,140
Accounts payable and other accrued expenses	<u>(34,078)</u>	<u>102,266</u>
Net cash provided by operating activities	<u>389,229</u>	<u>658,940</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in certificates of deposit	208,981	384,097
Purchase of property and equipment	(599,022)	(200,947)
Proceeds from sale of investments	742,913	-
Purchases of investments	<u>(1,043,656)</u>	<u>(1,076,482)</u>
Net cash used by investing activities	<u>(690,784)</u>	<u>(893,332)</u>
Net decrease in cash and cash equivalents	(301,555)	(234,392)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>803,519</u>	<u>1,037,911</u>
End of year	<u>\$ 501,964</u>	<u>\$ 803,519</u>

The accompanying notes to financial statements
are an integral part of this statement.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION
Gonzales, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

Community Opportunities of East Ascension (COEA) is a non-profit organization formed to furnish mentally and physically disabled individuals in Ascension Parish and other surrounding areas with education and recreation opportunities including, but not limited to, the following:

- Developing job skills,
- Developing personal and work adjustment,
- Providing, developing and promoting employment opportunity,
- Promoting independent learning skills, and
- Providing goods and services needed by the disabled to achieve the above goals.

Basis of Presentation

The financial statements of COEA have been prepared on the accrual basis. The significant accounting policies are described below to enhance the usefulness of the financial statements.

COEA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. COEA does not have any permanently restricted net assets.

The statement of activities presents expenses of COEA's operations functionally between program services, and management and general.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with COEA's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for uncollectible accounts and depreciation.

Restricted and designated net assets

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Organization in accordance with its bylaws. Additionally, the Board has designated certain unrestricted net assets for specified purposes.

Temporarily restricted net assets are contributions that are designated for property acquisitions. Such amounts are expended by the Organization through transfers to the unrestricted funds for capital outlay.

Cash and cash equivalents

For purposes of the statement of cash flows, COEA considers cash in operating bank accounts and cash on hand as cash. Cash equivalents include money market funds. As of June 30, 2009, COEA had \$30,161 in board designated and temporarily restricted cash for the purpose of constructing a respite center.

Certificates of deposit

Certificates of deposit are recorded at cost which approximates market value.

Investments and investment income

Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements*, (FASB 157), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB 157 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that COEA has the ability to access.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

COEA's investments are stated at fair value, with the amount of unrealized gain or loss recorded in the statement of activities. Time certificates of deposit are recorded at cost, which is market value. Shares of registered investment companies (mutual funds) and bond funds are valued at the quoted net asset value of such investments held by COEA at year end. Annuities are valued based on their account value of the underlying securities. Purchases and sales of securities are recorded on a trade-date basis, at which time the realized gain or loss is recognized in the statement of activities. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Contract revenue and accounts receivable

Contract revenue and the related accounts receivable represent fees for service contracts due from governmental units and agencies. COEA records service contract revenue as services are rendered and does not require collateral. Management considers accounts receivable delinquent based on contractual terms. A general allowance for doubtful accounts is based on management's estimate of the collectability of accounts receivable according to prior experience. At June 30, 2009, accounts receivable in excess of 90 days were \$5,944 and there was no allowance for doubtful accounts. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies.

Property, equipment and depreciation

Buildings and equipment are recorded at cost and are being depreciated using the straight-line method over their estimated useful lives.

Restricted support

COEA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. During 2009, there was no restricted support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated absences

Vacation is earned at varying rates depending on length of service. At June 30, COEA employees have the option to defer a maximum of 11 days or receiving a cash payment for unused vacation. Amounts related to such leave at June 30, 2009 of \$10,356 have been recorded.

Income taxes

COEA is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation.

Fair value financial instruments

The carrying value of receivables and payables approximate fair value due to the short-term maturity of these instruments. None of the financial instruments are held for trading purposes.

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

COEA typically maintains cash, money market funds and certificates of deposit in local banks, which may, at times, exceed the FDIC limits. Management believes the risk is limited.

NOTE 3 - INVESTMENTS

Investments at June 30, 2009 are as follows:

	<u>Cost</u>	<u>Market Value</u>
Bond fund	\$ 761,128	\$ 789,139
Annuity	1,000,000	783,133
Certificate of deposit	<u>225,568</u>	<u>225,568</u>
	<u>\$ 1,986,696</u>	<u>\$ 1,797,840</u>

The summary of investment return at June 30, 2009 is as follows:

	<u>Amount</u>
Interest income	\$ 98,517
Realized loss	(373,897)
Unrealized loss	<u>(60,585)</u>
	<u>\$ (335,965)</u>

NOTE 3 - INVESTMENTS (CONTINUED)

During 2008, COEA entered into a \$1,000,000 variable annuity contract with John Hancock Life Insurance Company. The annuity is diversified among various equity and bond funds, and accordingly, is subject to market risk. There is a guaranteed fixed rate of return on the original principal invested of 5% per annum, which is paid to COEA by the insurance company on each anniversary date in which the principal remains invested. As of June 30, 2009, the market value of the annuity was \$783,133.

Additionally, a fee of up to 6% would be required upon liquidation prior to the withdrawal of principal sooner than seven years or the date of death of the annuitant (see Note 9).

As of June 30, 2009, the fair value hierarchy of COEA's investments was as follows:

	June 30, 2009			
	Level 1	Level 2	Level 3	Total
Bond fund	\$ 789,139	\$ -	\$ -	\$ 789,139
Annuity	-	-	783,133	783,133
Certificate of deposit	-	225,568	-	225,568
	<u>\$ 789,139</u>	<u>\$ 225,568</u>	<u>\$ 783,133</u>	<u>\$ 1,797,840</u>

The change in fair value of COEA's level 3 investment for 2009 was as follows:

	<u>Annuity</u>
Balance, beginning of the year	\$ 982,738
Unrealized loss	<u>(199,605)</u>
Balance, end of the year	<u>\$ 783,133</u>

NOTE 4 - LEASE AGREEMENT

The land on which COEA's building is located is leased from the Parish of Ascension. The lease period is ninety-nine (99) years with maturity on February 28, 2081. The lease for the property is one dollar (\$1.00) annually.

NOTE 5 - BUILDINGS AND EQUIPMENT

Buildings and equipment at June 30, 2009 consist of the following:

	<u>Service Lives</u>	<u>Amount</u>
Buildings	10-40	\$ 847,642
Vehicles	3-5	276,268
Furniture and equipment	5-10	170,099
Land and land improvements	-	246,063
Construction in progress	-	<u>425,511</u>
		1,965,583
Less: accumulated depreciation		<u>(581,016)</u>
		<u><u>\$ 1,384,567</u></u>

Depreciation expense was \$77,974 for 2009.

NOTE 6 - LINE OF CREDIT

During 2009, COEA opened a \$150,000 line of credit with a local bank. The line of credit is secured by a certificate of deposit, and has an interest rate of 6% per annum. As of June 30, 2009, the line was unused.

NOTE 7 - RETIREMENT PLAN

COEA adopted a 401(k) profit sharing plan effective May 1, 2000. The plan covers substantially all full time employees. COEA has the discretionary right to determine the amount of any employer matching contribution made for a plan year. COEA's contribution for the year ended June 30, 2009 was \$13,144.

NOTE 8 - ECONOMIC DEPENDENCY

COEA derives its revenues from governmental sources (Medicaid) as earned revenue or grants, the loss of which would have a material adverse effect. During 2009, revenue derived from governmental sources accounted for approximately 96% of total revenue, and accounts receivable at year-end were related to such revenues.

NOTE 9 - RELATED PARTIES

During 2009, COEA expended \$2,764 for services from a business owned by a board member.

Additionally, a related board member is designated as the annuitant for an annuity contract entered into by COEA (see Note 3).

NOTE 10 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2009, COEA has an outstanding commitment for a construction contract of \$260,115.

NOTE 11 - SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 30, 2009, the date the financial statements were available to be issued.

Special Independent Auditors' Report

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

Gonzales, Louisiana

June 30, 2009



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Community Opportunities of East Ascension
Gonzales, Louisiana

We have audited the financial statements of **COMMUNITY OPPORTUNITIES OF EAST ASCENSION (COEA)** (a non-profit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated October 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered COEA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of COEA's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We identified a deficiency in internal control over financial reporting that we consider to be a material weakness as defined above and is reported as Item 2009-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether COEA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of COEA in a separate letter dated October 30, 2009.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
October 30, 2009

COMMUNITY OPPORTUNITIES OF EAST ASCENSION
Gonzales, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2009

1) SUMMARY OF AUDIT RESULTS

A) The type of report issued on the financial statements: **Unqualified opinion.**

B) Material weakness in internal control were disclosed by the audit of financial statements: **2009-1**

C) Noncompliance that is material to the financial statements: **None**

2) FINDING - FINANCIAL STATEMENT AUDIT

2009-1 Financial Reporting

Observation: COEA relies on the auditor to assist in adjusting the books and the preparation of external financial statements and related disclosures. Under U.S. generally accepted auditing standards, we cannot be considered part of COEA's internal control structure. The design of the internal control structure does not otherwise include procedures to prevent or detect a material misstatement in the external financial statements.

Additionally, an adjustment was required relating to an unrecorded liability for retainage on construction performed during 2009 of \$38,989.

Recommendation: Since management is satisfied with using its auditing firm to prepare external financial statements, no change is recommended. However, this matter will continue to be reported.

Although the adjustment for the construction retainage did not affect the change in net assets, we recommend the retainage liability should be recorded as construction progresses.

Management's response: Management intends to continue using the auditing firm to prepare the external financial statements and related footnote disclosures.

Finally, management will review invoices to accrue liabilities for financial reporting purposes.

COMMUNITY OPPORTUNITIES OF EAST ASCENSION

Gonzales, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

June 30, 2009

2008-1 Financial Reporting (Reclassified to 2009-1)



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
Community Opportunities of East Ascension
Gonzales, Louisiana

Our report on our audit of the basic financial statements of **COMMUNITY OPPORTUNITIES OF EAST ASCENSION** appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Faulk & Winkler, LLC".

Certified Public Accountants

Baton Rouge, Louisiana
October 30, 2009

COMMUNITY OPPORTUNITIES OF EAST ASCENSION
Gonzales, Louisiana

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2009
(with comparative totals for 2008)

	Program Services		Supporting Services		Totals	
	Adult and Child Support for Independent Living	Adult Day Training	Management and General		2009	2008
Salaries and payroll taxes	\$ 2,792,727	\$ 438,005	\$ 335,967	\$	3,566,699	\$ 3,426,295
Transportation	54,077	40,925	5,659		100,661	130,778
Insurance	48,474	6,942	60,370		115,786	109,870
Employee benefits	160,259	32,114	34,367		226,740	99,023
Depreciation	5,626	34,100	38,248		77,974	71,098
Telephone	6,827	8,369	22,260		37,456	43,407
Occupancy	7,548	1,341	31,201		40,090	40,264
Bad debts	8,281	5,948	-		14,229	34,940
Repairs & maintenance	194	1,979	37,362		39,535	30,149
Office supplies	2,267	2,755	20,337		25,359	28,817
Professional fees & contract services	-	-	15,838		15,838	24,733
Training supplies	29,419	741	1,760		31,920	22,684
Conferences, conventions & meetings	97	-	22,038		22,135	22,144
Marketing	-	-	16,966		16,966	17,566
Individual subsidy	6,558	-	-		6,558	8,713
Other	9,473	40,363	28,974		78,810	79,165
Allocation of administrative expense	201,668	26,989	(228,657)		-	-
Total expenses	\$ 3,333,495	\$ 640,571	\$ 442,690	\$	4,416,756	\$ 4,189,646

See Independent Auditors' Report on Supplementary Information



Board of Directors
Community Opportunities of East Ascension
Gonzales, Louisiana

In planning and performing our audit of the financial statements of Community Opportunities of East Ascension (COEA) for the year ended June 30, 2009, we considered its internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated October 30, 2009 on the financial statements of COEA.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various COEA personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

2009-1 Investment Policy and Practices

Observation: A summary of COEA's investments and yield percentages is as follows:

	June 30, 2008		June 30, 2009	
	Amount	Yield	Amount	Yield
Cash	\$ 762,000	1.5%	\$ 402,000	0.1%
Certificates of deposit	420,000	4.7%	440,000	3.8%
Money market	41,000	2.6%	100,000	1.5%
Mutual funds	999,000	-7%	789,000	-26.6%
Variable Annuity	983,000	1.4%	783,000	-17.3%
	<u>\$ 3,205,000</u>		<u>\$ 2,514,000</u>	

Recommendation: We recommend that COEA develop a written investment policy that establishes, but is not limited to the following:

- Identification of the types of investments in which COEA may place idle funds,
- Diversification of investments determined by risk tolerance and the timing and use of idle funds,
- Determination of a minimum level of investment balances,
- Establishment of an investment committee to steer investing efforts.

During the year ended June 30, 2009 an investment policy was not developed.

2009-2 Fixed Asset Accounting Software

Observation: COEA maintains its accounting for property and related depreciation in a spreadsheet software package (Excel). The use of a spreadsheet program for the volume of property maintained by COEA is adequate but inefficient.

During 2009, management has attended additional training on the current general ledger software and has purchased the fixed asset software program that is compatible; however, the system has not been implemented.

Recommendation: We recommend that COEA implement the fixed asset accounting software program to accomplish its accounting for property.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Certified Public Accountants

Baton Rouge, Louisiana
October 30, 2009